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 PATENT, TRADEMARK, COPYRIGHT  
 AND UNFAIR COMPETITION LAW  
 AND RELATED LITIGATION

EDMUND P. WOOD 1923-1968  
 TRUMAN A. HERRON 1935-1978  
 EDWARD B. EVANS 1936-1971

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January 26, 2009

## FACSIMILE COVER SHEET

To:	Company:	Fax Number:
Examiner Daniel Kesack	US Patent Office Group Unit No. 3691	571-273-8300
Total Pages:	24 (including cover sheet)	
From:	Thomas W. Humphrey	
Re:	i Attorney Docket: MPS-30DV3 US Application Serial No. 09/859,615 Filed May 16, 2001 System and Method For Paying Bills and Other Obligations Including Selective Payor and Payee Controls	

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PATENT  
ATTY. DOCKET NO. MPS-03DV3

## IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

Ex parte

Appeal No. \_\_\_\_\_

Serial No.: 09/859,615  
 Filed: May 16, 2001  
 Group Art Unit: 3691  
 Examiner: Daniel Kesack  
 Applicant: George W. Landry  
 Title: System And Method For Paying Bills And Other Obligations  
       Including Selective Payor And Payee Controls

Cincinnati, Ohio 45202

January 26, 2009  
*Via Facsimile*

## APPEAL BRIEF

This brief is in furtherance of Applicant's Notice of Appeal filed August 26, 2008,  
 appealing the decision of the Examiner dated February 26, 2008 finally rejecting claims 25-58. A  
 copy of the claims appears in the Appendix to this brief.

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 electronically transmitted via facsimile on the date indicated below.

/ Thomas W. Humphrey /  
 Thomas W. Humphrey  
 Reg. No. 34,353

January 26, 2009  
Date

**Real Party In Interest**

The real party in interest in this appeal is MIDWEST PAYMENT SYSTEMS, an Ohio corporation of having a place of business at 38 Fountain Square Plaza, Cincinnati, Ohio 45263.

**Related Appeals and Interferences**

There are no such appeals or interferences.

Status of Claims

Total Number of Claims in the Application

Claims in the application are 25-58.

Status of all the Claims

1. Claims cancelled: 1-24
2. Claims withdrawn from consideration but not cancelled: NONE
3. Claims objected to: NONE
4. Claims allowed or confirmed: NONE
5. Claims rejected: 25-58

Claims on Appeal

The claims on appeal are Claims 25-58.

**Status of Amendments**

There are no amendments pending.

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**Summary of Claimed Subject Matter as to Independent Claim 25**

Independent Claim 25 is described in the specification on page 38, lines 3-18 and Fig. 3, reference numbers 112, 120 and 150, and on page 49, line 11 through page 50, line 2, and Fig. 7 of the drawings.

As recited in claim 25, a bill paying system stores information for payees, and payors, including parameters established for enabling transfers of funds from a payee to a payor by a funds transfer generator. A communication device receives bill data from a plurality of payees and causes an interactive device to present the plurality of transactions representing bills of at least two different payees.

**Summary of Claimed Subject Matter as to Independent Claim 42**

Independent Claim 42 is described in the specification on page 38, lines 3-18 and Fig. 3, reference numbers 112, 120 and 150, and on page 49, line 11 through page 50, line 2, and Fig. 7 of the drawings.

As recited in claim 42, a bill paying method involves storing information for payees, and payors, including parameters established for enabling transfers of funds from a payee to a payor by a funds transfer. Funds transfers are generated based on bill data, and the stored information. The bill data from a plurality of payees is received and is presented on an interactive device.

**Grounds of Rejection**

Claims 25-38, 40-55, 57 and 58 remain rejected under 35 U.S.C. 103(a) as being unpatentable over Kight, U.S. Patent No. 5,383,113, in view of Pickering, U.S. Patent No. 5,483,445, as cited in the Final Office Action.

**Argument**

Applicant submits that the Examiner has failed to present a *prima facie* case of obviousness of the rejected claims based on the cited Kight and Pickering references. Furthermore, Applicant submits that the Examiner has improperly applied the standard of obviousness in asserting the combination of the cited Kight and Pickering references.

Applicant has argued based on upon the independent claims which stand or fall with the dependent claims for the purposes of this appeal.

**Argument - Rejections under 35 U.S.C. § 103**

Claims 25-38, 40-55, 57 and 58 remain rejected under 35 U.S.C. 103(a) as being unpatentable over Kight, U.S. Patent No. 5,383,113, in view of Pickering, U.S. Patent No. 5,483,445, as cited in the Office Action.

Kight discloses a system, developed by Checkfree Corporation, in which "a consumer may instruct a service provider by telephone, computer terminal, or other telecommunications means to pay various bills without the consumer having to write a check for each bill." (Abstract) There is no disclosure in Kight of the consolidation of multiple bills for combined presentation, nor is there disclosure of an interactive device for presenting bills of multiple potential payees. Rather, the flow of information is not from the biller to the Kight system and then to the payor for authorization or review, but rather, from the biller to the payor, and then to the Kight system for initiation of the payment transfer. Note col. 1, line 66 et seq.: "The method of the present invention includes ... the generation of payment instructions by the consumer at a convenient location, typically remote from the payment service provider (e.g., at home), through an input

terminal such as a personal computer, a push-button telephone or other like communication means ... validating each transaction against a dynamic credit file and routing based on set parameters...." Kight is thus a service provider for the actual routing of payment – not a service provider for bill collection. Kight does not in any way suggest collecting bill data from billers for presentation in combination to a payor.

Pickering is a filing made by American Express relating to a "method of consolidating a plurality of individual company charges for a customer..." (Abstract) In this method, a paper statement (see Pickering Fig. 7) is sent to the consumer, listing the payments due. A combined payment and a combined due date is identified (see 77 and 81). The Pickering patent notes that companies may be paid after the due date and would need to be paid a compensatory "float" payment in such cases (col. 10 lines 3-5. However, "it is preferable to determine or calculate the single periodic customer billing date for the company and utility charges that are incurred by the customer in order to minimize the overall compensatory payment or "float" payment rebated to the group of companies and utilities." (col. 10, lines 30-34. However, it is also possible for the "float" to be paid to the financial firm operating the system, as noted in col. 11 at lines 8-10.

The Examiner seeks to combine Kight and Pickering to achieve the claimed invention. However, this combination fails for at least two reasons.

First, the Examiner does not explain how he would find in either reference a system or method that would undertake the step of "causing an interactive device to present a plurality of transactions representing bills of at least two different payees", as recited in the claims. Kight lacks any suggestion of presenting bills of multiple billers on an interactive device and Pickering

uses paper to interact with a payor. Lacking these elements the Examiner does not have a *prima facie* case of obviousness.

Furthermore, the Examiner fails to explain why a person of skill would take the initial step of combining Kight and Pickering, a step that is required for an obviousness analysis.

As noted in Applicant's prior submissions, there is a fundamental incompatibility between Kight and Pickering that belies the Examiner's view that these references would be combined, in any fashion.

Specifically, all payment methods described within the Checkfree/Kight system are described in the overall context of controlling the credit risk of the service provider. Although there are some cases in which the Checkfree/Kight system initiates payments on the account of the service provider, these cases are limited to those circumstances where the risks of doing so are deemed sufficiently low. See, e.g., col. 6, lines 32-38.

In stark contrast, the American Express/Pickering system always takes credit risk – specifically, every payment method proposed by AmEx/Pickering involves the service provider paying bills of a customer on its own account and receiving a corresponding payment for the amount paid from the customer.

These differences between Kight and Pickering are not surprising when one considers the entities that originated those two references.

Kight was filed by Checkfree, a payment service provider that made its money on service fees for payments completed for customers. If one seeks to make money on service fees, there is

no need to take credit risk, unless in very constrained circumstances, as credit risk is unnecessary to collect service fees.

Pickering was filed by American Express, a bank that makes money on "float", or the interest that can be earned on payments made by its customers before those payments are delivered to their destination. Accordingly, Pickering discusses the possibility of "float" both to and from the various billers, arising out of the use of the system. If one seeks to make money on "float", one must receive the customer's money, and make payments on one's own account and accept credit risk from customers, otherwise, there is no temporary possession of money that can generate "float".

Applicant submits that the philosophies of Kight and Pickering are thus fundamentally incompatible. One would not look to Pickering to improve the Kight system, or vice versa, because the systems are fundamentally opposed in philosophy. Specifically, Pickering does not

because the systems are fundamentally opposed in philosophy. Specifically, Pickering does not seek to enable billers to pay their own bills a la Kight, and Kight does not seek to be a financial intermediary in transactions a la Pickering.

Applicant submits that the philosophies of Kight and Pickering are thus fundamentally incompatible. One would not look to Pickering to improve the Kight system, or vice versa, because the systems are fundamentally opposed in philosophy. Specifically, Pickering does not seek to enable billers to pay their own bills a la Kight, and Kight does not seek to be a financial intermediary in transactions a la Pickering.

The Examiner has not explained why these systems would or could be combined despite their incompatibility. At best, the Examiner has asserted that there are features from each that can be combined. However, the Examiner is not entitled to ignore reasons that combinations would not be made, and the recent KSR decision does not authorize the Examiner to ignore "teaching away" or any other indicia of nonobviousness as recognized in *Graham v. John Deere*.

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